THOMAS EDISON STATE COLLEGE
Higher Education.
For Adults with Higher Expectations.®
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September 12, 2008

Dr. George A. Pruitt
President
Thomas Edison State College
101 West State Street
Trenton, NJ 08608-1176

Dear Dr. Pruitt:

In accordance with the Board of Trustees' authority and responsibility to fix the compensation of the President of the College, and in consideration of those things discussed in our annual evaluation conference, I am pleased to advise you that the compensation of the President for fiscal year 2009 has been set by the Board of Trustees at $281,000 effective July 1, 2008.

It is my expectation that the Board of Trustees will again consider the compensation for your office, consistent with the Board's annual practice, in Executive Session at its September 2009 meeting.

Sincerely,

Marilyn R. Pearson

Marilyn R. Pearson
Chair, Board of Trustees

MRP/lmv

Thomas Edison State College

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement") by and between Thomas Edison State College (hereinafter referred to as "College") and George A. Pruitt (hereinafter referred to as "President" or "Dr. Pruitt") shall be effective as of March 5, 2010.

WITNESS

WHEREAS, Dr. Pruitt wishes to continue his employment as President of the College; and accepts the terms and conditions set forth in this Agreement;

WHEREAS, the Board of Trustees ("the Board") of the College desires to continue to employ Dr. Pruitt as the President of the College and to record the terms and conditions of his employment in an Employment Agreement (herein "the Agreement");

WHEREAS, both the Board and Dr. Pruitt intend this Agreement to supersede the Employment Agreement dated December 22, 1997, as amended on June 5, 1998 (the "Prior Agreement"); and

WHEREAS, this Agreement has been duly approved and its execution has been duly authorized by the Board; and

NOW, THEREFORE, in consideration of the covenants and agreements herein contained, the College and Dr. Pruitt covenant and agree as follows:

I. **EMPLOYMENT.** Pursuant to the terms and conditions of this Agreement, The College agrees to continue to employ Dr. Pruitt as its President and Dr. Pruitt agrees to continue to serve as the President of The College and to render services to the College as set forth herein.

II. **TERM.** The College shall continue to employ Dr. Pruitt as President for a term of three (3) years beginning on July 1, 2010 (the "Term"). Beginning on July 1, 2011 and each July 1 thereafter, the Term of this Agreement shall be extended for one year unless either party provides written notice of its intent not to extend the Agreement by March 31st of that year. Notwithstanding the foregoing, this Agreement may be terminated pursuant to Section VIII of this Agreement.

III. **DUTIES.** The President shall faithfully serve the College in such capacity as aforesaid to the best of his abilities, and shall consistent with the College's personnel policies at all times devote his full business time, attention, and energies to the management, superintendence, and improvement of the College to the utmost of his ability, and shall do and perform all such services, acts, and things connected therewith as the Board, by its Bylaws have delegated to him, and which duties are normally conducted by a college president. Dr. Pruitt's participation in any outside organizations, associations, clubs, or groups shall be consistent with the importance and dignity of the presidential office.

Dr. Pruitt shall obtain prior approval of the Chair of the Board before agreeing to serve on any for-profit or nonprofit board of directors, regardless of whether the directorship is paid or unpaid. Dr. Pruitt may not engage in any outside activity that conflicts with his Duties to and responsibilities for the College. Any income or other compensation earned by Dr. Pruitt in connection with his outside activities shall be paid to and retained by Dr. Pruitt and reported in accordance with applicable law and College procedure. It shall have no effect on the amount of compensation to which Dr. Pruitt is entitled under this Agreement.

IV. **EVALUATION.** On or before July 1, 2010, and on or before June 1 of each year thereafter, Dr. Pruitt shall provide to the Chair of the Board of Trustees (the "Chair") a list of proposed goals and objectives for the one year period beginning June 1. The Board of Trustees or its designee (referred to in this Section IV as the "Board"), and the President shall discuss the President's goals and objectives, after which time the Board and the President shall agree upon goals and objectives for the academic year. On or before May 1 of each calendar year, the President shall initiate the evaluation process for the period that began on June 1 of the previous calendar year by submitting to the Board a self-appraisal of said period's performance. This appraisal shall address the President's performance related to each of the goals and objectives determined the preceding June. After the President has submitted this self-appraisal, the Board shall evaluate the President's performance during the previous academic year based on his achievement of the mutually agreed upon specified goals and objectives and such other criteria as the Board deems appropriate. To aid the Board in its annual evaluation, the President agrees to furnish to the Board such additional oral or written reports as it may request.

V. **COMPENSATION.**

A. **BASE SALARY.** The President's base salary will be reviewed and established annually, on or before July 1 of each calendar year, by the Board of Trustees and will be increased annually effective on the anniversary date of the Agreement. A special salary adjustment may be granted by the Board which may not exceed a total of ten percent (10%) of the present annual salary.

B. **DEFERRED COMPENSATION PLANS.**

1. The Deferred Incentive Payment Plan is structured as an incentive for Dr. Pruitt to remain with the College and thereby provide stability to the College's Chief Executive position and allow the full dedication of Dr. Pruitt's resources to address and implement the goals and visions of the College. Therefore, the College shall continue to maintain the Deferred Incentive Payment Plan referenced in Section IV.B of the Prior Agreement (the "Plan A"). Dr. Pruitt shall vested in the Plan A in accordance with its terms and payable on the last pay period of December, 2012.

2. On January 1, 2013, the College shall establish a second deferred compensation plan under section 457(f) of the Internal Revenue Code for Dr. Pruitt's benefit (the "Plan B"). The College shall

annually credit Plan B with an amount equal to ten percent (10%) of Dr. Pruitt's base salary. These funds shall be deemed to accrue interest. All accrued deferred compensation shall vest and be payable on the earlier of: Dr. Pruitt's death, Dr. Pruitt's permanent disability (as defined by Internal Revenue Code § 409A(a)(2)(C)), Dr. Pruitt's termination without Cause by the College (pursuant to Section VIII.B) or Dr. Pruitt's completion of service to the College as President through December 31, 2017. If Dr. Pruitt is terminated for Cause (pursuant to Section VIII.A) or voluntarily resigns from his employment (pursuant to Section VIII.C), the President shall not receive any accrued deferred compensation under Plan B. Any other terms and conditions of Plan B shall be set forth in a document separate and apart from this Agreement, but shall include a substantial risk of forfeiture provision.

C. **BENEFITS**. The President shall receive maximum benefits accorded to faculty or administrators of the College including, without limitation:

1. Insurance/Indemnification. The College shall provide the President with director's and officer's liability insurance coverage as the same terms and conditions applicable to trustees and/or officers of the College.

2. Health Insurance. The College will provide health insurance coverage for Dr. Pruitt and his dependents, including his spouse, under the College's traditional health insurance plan. Upon the conclusion of his employment with the College, Dr. Pruitt shall receive life-time health insurance benefits, unless such termination of employment was for Cause.

3. Retirement. The President will participate in the College's TIAA/CREF retirement plan. The President will contribute five percent (5%) of his salary and the College will contribute an additional eight percent (8%). The College will further purchase a personal annuity from TIAA/CREF in an amount equal to two percent (2%) of the President's annual base salary. This annuity will be owned by the President.

4. Disability Insurance. The President shall receive short-term disability coverage under the State of New Jersey's short-term disability benefit. The College will provide the President with long-term disability insurance coverage under the College's traditional disability insurance program. In addition, the College the College will pay for additional long-term disability coverage providing a supplemental disability benefit up to $2,000 per month subject to Dr. Pruitt's satisfaction of the policy's eligibility requirements.

5. Automobile. During the initial Term of this Agreement and any subsequent extensions, the College will provide the President with a leased automobile (full-sized or comparable). The President will be entitled to use the automobile for personal as well as professional use. The College will insure the vehicle, provide maintenance service and will reimburse the President for fuel and oil expenses associated with College business. The President shall maintain records of use and mileage, separating professional use from personal use, providing such records to the College for its tax reporting purposes. The President shall be solely responsible for the payment of any federal income tax resulting from personal use of the automobile. The College will replace the automobile every twenty-four (24) to thirty (30) months consistent with the wishes of the President.

Upon the termination of Dr. Pruitt's employment as President for any reason other than his death or termination for Cause, the College will transfer title to Dr. Pruitt of the College's automobile then in the possession of the President. If Dr. Pruitt's employment as President is terminated for Cause or due to his death, the automobile will be returned to the College within ten (10) days of such event. The transfer of title to the President shall be a taxable event and all transfer or income taxes incurred shall be paid by the President individually.

6. College Entertainment. The College shall pay initiation and monthly dues for the President in area clubs acceptable to both the President and the Board for the conduct of his duties. The College shall also pay or reimburse the President for reasonable and necessary College related entertainment.

7. College Travel. The College shall reimburse the President for the reasonable and necessary expenses of travel. Such expenses may include the spouse of the President under circumstances where the spouse's attendance is of benefit to the College. As previously authorized by the Board, the President may, at his discretion, elect for first class accommodations on air and rail travel on behalf of the College.

8. Life Insurance. The College will provide Dr. Pruitt with term life insurance equal to three and one-half (3½) times the base salary. Dr. Pruitt shall have the right to name his own beneficiary or beneficiaries.

9. Sick Leave. The President will be entitled to sick leave in accordance with the College's personnel policies.

10. Vacation. In accordance with the vacation benefit currently in effect for all College employees, the President shall be entitled to twenty-two (22) days vacation annually. Unused vacation days at the end of any contract year may be taken during the subsequent contract year as long as this Agreement is extended for such period. Unused vacation days remaining at the time of the President's separation from the College or the expiration of this initial term and any subsequent term may be accumulated up to a maximum of sixty (60) days and such compensation shall be paid to the President upon his termination of employment. The College strongly encourages the President to use his allocation of vacation days annually.

11. Housing. The College will provide Dr. Pruitt with a housing allowance equal to twenty percent (20%) of his current base salary.

12. Sabbatical Leave. Upon the completion of his presidency, Dr. Pruitt shall be entitled to one (1) year of transitional sabbatical leave. While on sabbatical, Dr. Pruitt will be provided appropriate clerical support and a private professional office by the College. During his sabbatical leave, Dr. Pruitt shall receive his last-existing presidential salary and all standard benefits for senior administrators of the College. Unless authorized by the Board to take sabbatical during his presidency, Dr. Pruitt shall have the right to take his sabbatical leave at the conclusion of his presidency. Notwithstanding the foregoing, Dr. Pruitt shall not be eligible for the sabbatical benefit if his employment as President is terminated for Cause.

13. Relocation Expense. Within thirty (30) days of his completion of service as President, the College will make a one time taxable lump sum payment to Dr. Pruitt in the amount of Ten Thousand Dollars ($10,000) to cover relocation expenses for the personal property of Dr. Pruitt and his family, including cost of packing and moving, storage, and other related costs.

14. President Emeritus. Upon the conclusion of his service as President for any reason other than termination for Cause, Dr. Pruitt shall be granted the title "President Emeritus". Additionally, he will be provided with suitable office space, an assigned parking space, and administrative support.

15. Post-Presidency Fellowship. Upon the conclusion of his service as President and his sabbatical leave, Dr. Pruitt shall be named a Distinguished Fellow of the John S. Watson School of Public Service for a term of three (3) years. The term of Dr. Pruitt's fellowship shall be renewed for additional terms of two (2) years

each unless either party provides notice of its intent not to renew at least one (1) year prior to the expiration of the term. In the event, the College terminates Dr. Pruitt's employment as a Distinguished Fellow, he will receive a lump sum severance payment equal to his then-current fellowship salary for two (2) years. The fellowship appointment shall also be subject to the following terms:

a. An annual base salary at the level of 80% of his last-existing presidential salary, with annual increases the same as the average granted to senior administrative staff of the College;

b. Provided a private professional office and appropriate administrative and staff support;

c. Dr. Pruitt will report to the Chief Academic Officer; and

d. A mutually acceptable professional assignment agreed upon between Dr. Pruitt and the Board Chair.

VI. <u>NON-RENEWAL/NON-EXTENSION</u>. In the event the Board of Trustees or Dr. Pruitt elects not to extend the Term of this Agreement as provided in Section II, Dr. Pruitt shall be paid a lump sum payment equal to his then-current base salary and standard benefits for one year.

VII. <u>PHYSICAL EXAMINATION</u>. The College expects the President to undergo a comprehensive physical exam once a year by a physician of the President's choosing. Should expenses for the examination exceed or not qualify for coverage under the President's medical insurance coverage, the College will pay up to One Thousand Dollars ($1,000) for the exam. The results of the physical examination are privileged and confidential between the physician and the President.

VIII. <u>TERMINATION</u>.

A. <u>TERMINATION FOR CAUSE.</u> The College may terminate this Agreement at any time for cause upon written notice to the President. For purposes of this Agreement, "Cause" shall mean conduct reasonably determined by a two-thirds majority vote of the Board to be: (a) the President being formally indicted in a court of law for any felony or other crime involving misuse or misappropriation of College funds; (b) action or omissions by the President that are undertaken or omitted knowingly that are criminal or fraudulent and involve material dishonesty or moral turpitude; or (c) gross negligence, nonfeasance or malfeasance in the performance of his duties that causes material harm to the College. In the event the President is terminated for Cause, Dr. Pruitt's employment as President shall cease immediately, and he shall not be entitled to any further compensation or benefits as President, except as set forth in the

College's various benefit plans with respect to vesting and rights after termination of employment.

B. **TERMINATION WITHOUT CAUSE**. The College may terminate this Agreement without Cause at any time for the convenience of the College upon ninety (90) days prior written notice to the President. Termination of this Agreement by virtue of the President's permanent disability or death (as set forth in Sections VIII.D and VIII.E of this Agreement, respectively) shall not be construed as termination without Cause. If the College terminates this Agreement without Cause prior to the expiration of the Term. Dr. Pruitt shall be entitled to receive a lump sum payment equal to his then existing Base Salary for two (2) years (the "Severance Payment") and payout of the then-current credits and interest to the Deferred Compensation Plans.

C. **RESIGNATION**. Dr. Pruitt may resign from the Presidency by providing at least ninety (90) days written notice to the College. Dr. Pruitt's employment as President shall cease on the effective date of his resignation, and he shall not be entitled to any further compensation or benefits as President, except as set forth in the College's various benefit plans with respect to vesting and rights after termination of employment.

D. **DISABILITY**. If Dr. Pruitt shall become permanently disabled during his service as President, this Agreement shall terminate effective on the date of permanent disability and he shall receive all benefits to which he is entitled pursuant to the College's disability insurance plans in which he participates and payout of the then-current credits and interest to the Deferred Compensation Plans.

For purposes of this Agreement and based on Section 409A(a)(2)(C)(i) of the Internal Revenue Code, the President shall be considered permanently disabled if he is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can reasonably be expected to result in death or can reasonably be expected to last for a continuous period of not less than 12 months.

E. **DEATH.** In the event of the death of Dr. Pruitt during the Term of this Agreement, her compensation and benefits shall cease immediately and this Agreement shall terminate effective on the date of death. The President's estate shall be entitled to receive all benefits to which he is entitled under the College's various insurance plans and payout of the then-current credits and interest to the Deferred Compensation Plans.

IX. **409A COMPLIANCE.** This Agreement will be interpreted and administered in accordance with the applicable requirements of, and exemptions from, Code § 409A in a manner consistent with Treas. Reg. § 1.409A-1 et seq. To the extent payments and benefits are subject to Code § 409A, this Agreement shall be interpreted, construed and

administered in a manner that satisfies the requirements of (i) Code § 409A(a)(2), (3) and (4), (ii) Treas. Reg. § 1.409A-1 et seq., and (iii) other applicable authority issued by the Internal Revenue Service and the U.S. Department of the Treasury (collectively "Section 409A").

All reimbursements and in-kind benefits provided under this Agreement shall be made or provided in accordance with the requirements of Section 409A to the extent that such reimbursements or in-kind benefits are subject to Section 409A. All expenses or other reimbursements paid pursuant to this Agreement that are taxable to Dr. Pruitt shall in no event be paid later than the end of the calendar year following the calendar year in which Dr. Pruitt incurs such expense or pays the related tax. With regard to any provision in this Agreement for reimbursement of costs and expenses or in-kind benefits, except as permitted by Section 409A, the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit and the amount of expenses eligible for reimbursement or in-kind benefits provided during any taxable year shall not affect the expenses eligible for reimbursement or in-kind benefits to be provided in any other taxable year.

X. <u>MEDIATION.</u> The parties agree that any controversy or claim that either party may have against the other arising out of or relating to the construction, application or enforcement of this Agreement, as well as any controversy or claim based upon the alleged breach of any legal right relating to or arising from Dr. Pruitt's employment and/or termination of his employment shall be submitted to non-binding mediation. No sooner than fifteen (15) days after delivery of a written notice of request for mediation from one party to the other, the dispute shall be submitted to a single mediator chosen by the parties. Mediation will take place in Trenton, New Jersey. The costs and fees associated with mediation shall be paid for by the College, including all attorneys' fees.

XI. <u>COUNTERPARTS.</u> This Agreement may be executed in counterparts, and by the parties on separate counterparts, each of which, when so executed, shall constitute but one of the same instrument. Signatures delivered by facsimile and by email shall be deemed to be an original signature for all purposes, including for purposes of applicable Rules of Evidence.

XII. <u>CHOICE OF LAW.</u> This Agreement shall be governed and construed, and the rights and obligations of the parties hereto shall be determined, in accordance with the laws of the State of New Jersey, excluding its choice of laws rules.

XIII. <u>COMPLETE AGREEMENT</u>. This Agreement and Section IV.B of the Prior Agreement constitutes the complete Agreement between the parties and incorporates all prior discussions, agreements and representations made in regard to the matters set forth herein and shall supersede any all prior agreements and understandings, including the remaining terms of the Prior Agreement. This Agreement shall not be amended, modified or changed except upon the mutual consent of the President and the Board. Any amendment or modification, to be effective, must be reduced to writing and signed by all parties to this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the 5 day of March, 2010.

J. Stanley Justice
Chair, Board of Trustees
Thomas Edison State College

George A. Pruitt
President
Thomas Edison State College

Eric R. Lear
Vice Chair, Board of Trustees

Fred J. Abbate

Richard W. Arndt

George L. Fricke

Ida B. Hammond

Gualberto Medina

E. Harvey Myers

Marilyn R. Pearson

[redacted]